

Message Text

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ORIGIN AGR-20

INFO OCT-01 EUR-25 ISO-00 CIAE-00 COME-00 EB-11 INR-10

LAB-06 NSAE-00 RSC-01 SPC-03 STR-08 TRSE-00 CIEP-02

OMB-01 L-03 /091 R

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DRAFTED BY: AGRIC:FAS:GSM:WGTUSSEY/GRATHELL

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EB/ORF/OFPPC, STATE DEPT: RSSIMPSON

EUR/EE:ESEGALL (SUBS)

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R 212104Z FEB 74

FM SECSTATE WASHDC

TO AMEMBASSY BUCHAREST

UNCLAS STATE 034864

E.O. 11652: N/A

TAGS: EAGR RO

SUBJ: ROMANOEXPORT DELAY IN OPENING LETTERS OF CREDIT FOR
U.S. COTTON

REF: (A) BUCHAREST 3579; (B) STATE 203001; (C) BUCHAREST 3755;
(D) STATE 211473; (E) STATE 023723

1. AMERICAN COTTON (AMCOT) REPRESENTING ALL THREE COTTON
MARKETING COOPERATIVES NAMED IN REF (E) HAS AGAIN
CONTACTED USG RE: CONTINUED DIFFICULTIES OBTAINING
LETTERS OF CREDIT FROM ROMANOEXPORT IN ACCORDANCE
WITH TERMS OF CONTRACTS BETWEEN ROMANOEXPORT AND THE
THREE COOPERATIVES. AMCOT REPORTS THT NONE OF THEIR
COMMUNICATIONS WITH ROMANOEXPORT HAS PRODUCED
TANGIBLE RESULTS.

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2. CONTRACTS ARE COUNTERSIGNED FOR AND ON BEHALF OF

ROMANOEXPORT BY MR. CAROL STELIAN AMCOT'S EUROPEAN REPRESENTATIVE, STEPHEN BOWKETT OF BRUSSELS, BELGIUM HAS HAD PERSONAL CONVERSATIONS IN BREMEN, GERMANY, WITH MR. POPPA OF ROMANOEXPRT. POPPA CLAIMS IMPORT LICENSE UNOBTAINABLE.

3. AMCOT BELIEVES REAL REASON IS THT COTTON PRICES HAVE DECLINED SINCE CONTRACTS WERE NEGOTIATED, AND ROMANO-EXPORT WOULD LIKE A WAY OUT OF CONTRACTS. IF THIS IS THE CASE, IT IS GROSSLY UNFAIR TO EXPORTERS WHO LIVED UP TO THEIR CONTRACTS ON EARLIER DELIVERIES THOUGH PRICES HAD ADVANCED IN SOME CASES BY 7 CENTS PER POUND OR DOLS. 35 PER BALE FROM DATE CONTRACTS WERE SIGNED TO DELIVERY TIME.

4. SUMMARY OF CONTRACTS

U.S. FIRM	BALES (B/C) UNDER CONTRACT	CREDITS OPENED	CREDITS DUE
SWIG	3,000 B/C	NONE	3,000 B/C
CALCOT	22,500 B/C	17,700 B/C	4,800 B/C
STAPLE			
COTTON	15,000 B/C	12,000 B/C	3,000 B/C

5. UNDERSTAND UNOFFICIALLY THAT TWO OTHER U.S. EXPORTERS MAY HAVE 8,000 BALES ON WHICH CREDITS HAVE NOT BEEN OPENED IN ACCORDANCE WITH CONTRACTS.

6. CABLE RECEIVED BY SWIG FROM ROMANOEXPORT ON FEB 18, 1974, AND THEIR REPLY FOLLOW: QUOTE ATTN MR. BOB SQUIRES AS WE ALREADY INFORMED YOU WE ARE UNABLE TO MAKE FIXATION THREE THOUSAND BALES DUE LACK OF IMPORT LICENSE IN ROMANIA DUE TO ABOVE CIRCUMSTANCES OF FORCE MAJEURE CANNOT FULFIL CONTRACT STOP WE REMIND THAT CONTRACT 934 ITEM ELEVEN STIPULATES POSSIBILITY OF CANCELLATION OF CONTRACT DUE TO PROHIBITION NEW CIRCUMSTANCES ARE REVERSED AND WE INVOKE PROHIBITION FOR CANCELLATION STOP FOR ABOVE REASON WE DO NOT SEE WHAT DIFFERENCE MAKES FOR YOU IF FORCE MAJEURE IS COMING UNCLASSIFIED

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FROM YOUR SIDE OR FROM OUR SIDE WE DID OUR BEST TO FULFIL CONTRACT BUT INSPITE OF OUR EFFORTS UNFORTUNATELY IMPORT LICENSE IS NOT OBTAINABLE. REGARDS, ROMANOEXPORT UNQUOTE. SWIG SENT THEIR REPLY 2-16-74 AS FOLLOWS: QUOTE REF: YOUR TELEX 2/16, OUR SALE 934(V). NO MENTION IN CONTRACT FOR CANCELLATION DUE TO LACK OF IMPORT LICENSE. ITEM 11 ONLY APPLIES TO EMBARGO FROM U.S. GOVERNMENT. OUR CONTRACT STANDS IN FORCE AND WE EXPECT

ROMANOEXPORT TO HONOR THEIR COMMITMENT STOP. HAVE
NOW TRASFERRED YOUR REMAINING 400 B/C OF MARCH
FUTURES TO MAY AT EVEN OR BETTER. UNQUOTE R.H.
SQUIRES, ASST. GEN. MGR, SWIG, EL PASO, TEXAS.

7. REQUEST EMBASSY CONTINUE USE ITS GOOD OFFICES TO GET
ROMANOEXPORT TO OPEN THEIR LC'S IN ACCORDANCE WITH
LEGAL OBLIGATIONS OF THEIR CONTRACTS. SUGGEST POINT
BE STRESSED THAT EXPORTERS MET THEIR OBLIGATIONS
WITHOUT HESITATION WHEN MARKET HAD RISEN AS INDICATED
PARA 3 AND ROMANOEXPORT SHOULD NOT MEET THEIR OBLI-
GATIONS EVEN THOUGH MARKET IS LOWER.

8. CALCOT'S CONTRACT WITH ROMANOEXPORT BEING AIRMAILED
TO EMBASSY'S ECONOMIC COUNSELOR, MR. A. DONALD
BRAMANTE. OTHER TWO CONTRACTS WILL FOLLOW AS RECEIVED
FROM FIRMS.

9. REPORT OUTCOME OF DISCUSSIONS WITH ROMANOEXPORT ASAP. RUSH

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Message Attributes

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Capture Date: 01 JAN 1994
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Copy: SINGLE
Draft Date: 21 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE034864
Document Source: CORE
Document Unique ID: 00
Drafter: AGRIC:FAS:GSM:WGTUSSEY/GRATHELL
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
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ISecure: 1
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